

Message Text

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TAGS: EIND, ETRD, EEC

SUBJECT: EC COMMISSION APPROVES REVISED DRAFT OF FORWARD PROGRAM
FOR STEEL FOR THE FOUR-MONTH PERIOD, JUNE-SEPTEMBER 1975

REFS: A. EC A-202, JUNE 2, 1975

B. EC BRUSSELS 3982

1. THE EC COMMISSION, ON JUNE 11 APPROVED THE REVISED FORWARD PROGRAM FOR STEEL FOR JUNE-SEPTEMBER. IT CALLS FOR AN OVERALL REDUCTION OF STEEL PRODUCTION WITHIN THE EC DURING THIS PERIOD OF 15 PERCENT AS COMPARED WITH JUNE-SEPTEMBER 1974. IN ABSOLUTE TONNAGE THE TOTAL PRODUCTION JUNE-SEPTEMBER 1975 SHOULD BE 42.8 MILLION METRIC TONS COMPARED WITH 50.55 MILLION METRIC TONS JUNE-SEPTEMBER 1974. AS REPORTED IN REFTTEL, THE COMMISSION'S PROGRAM IS INDICATIVE, NON COMPULSORY BUT IT IS STRONGLY HOPED THAT THE REDUCTIONS IN PRODUCTION SUGGESTED BY THE COMMISSION WILL BE RESPECTED BY THE STEEL PRODUCERS. THE CONSULTATIVE COMMITTEE OF THE EUROPEAN COAL AND STEEL COMMUNITY WILL DISCUSS THE FORWARD PROGRAM ON JUNE 13 IN LUXEMBOURG. THE COMMISSION WILL OFFICIALLY ADOPT THE PROGRAM NEXT

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WEEK IN LIGHT OF COMMENTS BY THE CONSULTATIVE

COMMITTEE.

2.THE PRESS REPORTS THAT RECOMMENDED PRODUCTION CUTS VARY FROM COUNTRY TO COUNTRY, BECAUSE OF CURRENT LEVELS OF DEMAND AND THE DIFFERENT LEVELS OF PRODUCTION DURING LAST YEAR'S BASE PERIOD (I.E., GERMANY WAS HIGH, UK LOW BECAUSE OF STRIKES). NATIONAL REDUCTIONS WILL BE DEBATED IN THE CONSULTATIVE COMMITTEE. THE COMMISSION BELIEVES THAT THE RECOMMENDED PRODUCTION CUTS WILL BE SUFFICIENT TO BRING ABOUT A TEMPORARY EQUILIBRIUM BETWEEN SUPPLY AND EFFECTIVE DEMAND, STABILIZE PRICES AND CONTRIBUTE TO A MORE RAPID REDUCTION OF CURRENT STOCKS.

3. ALTHOUGH THE PROGRAM IS ONLY INDICATIVE, THE COMMISSION HAS ESTABLISHED THE INFORMATIONAL TOOLS TO MONITOR INDIVIDUAL FIRMS VERY CLOSELY. AS REPORTED IN REF A, EUROPEAN STEEL PRODUCERS MUST REPORT TO THE COMMISSION EACH MONTH ON THE PAST MONTH'S PRODUCTION AND THE FOLLOWING MONTHS'S PLANNED PRODUCTION. IF A PARTICULAR COMPANY'S PRODUCTION IS SIGNIFICANTLY BEYOND WHAT IT SHOULD BE IN LIGHT OF THE FORWARD PROGRAM GUIDELINES, THE COMMISSION WILL LOOK CAREFULLY AT THE POSSIBILITY OF ILLEGAL PRICING AND RESTRICTIVE AGREEMENTS. GREENWALD

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